

INDUSTRIAL DECENTRALIZATION, JOBS AND WAGES

by Keith Gottschalk

INTRODUCTION

Industrial decentralization policies have been carried out by governments representing diverse ideologies and interests, from the Conservative Party of the United Kingdom, to the Communist Party of the Chinese People's Republic.

These differing versions of industrial decentralization share in common one aim: to raise the living standards of persons in the least-developed regions of those countries. The South African Government claims that its industrial decentralization programme is a positive aspect of its apartheid policy, helping to "develop the Bantu peoples".

This note has two aims: to collate some of the known facts about industrial decentralization, and offer some preliminary conclusions for future researchers to investigate further.

INDUSTRIAL DECENTRALIZATION IN THE
CONTEXT OF APARTHEID

a) Impact on the Expansion of Employment

The South African Government's industrial decentralization programme differs from those in other countries in that it is an integral component of its apartheid policy, with two main prongs:

- i) preventing new jobs from becoming available to African workers in the industrial conurbations, by using its powers under various enabling statutes, especially the Environmental Planning Act (nee Physical Planning and Utilization of Natural Resources Act), 88/1967;
- ii) offering private investors extensive and diverse concessions (subsidised by tax-payers) to establish or re-locate factories as "border industries" in the white-owned peripheries of the statutory "Bantu homelands" (nee reserves) or in "economic growth points", viz. small towns both within the now renamed reserves, and the white-owned countryside.

The net result has been a serious *decrease* in new employment opportunities for African workers.¹ In 1968 for example, the first full year the Government enforced its powers under the Physical Planning Act, the Government prohibited entrepreneurs from building and expanding factories which would have employed another 15 355 African workers in the industrial conurbations. During the same period only 5 000 new jobs were created in "border areas".²

Subsequent official statistics have been conflicting, or undetailed aggregates, or covering heavily overlapping but not precisely identical periods. We know, however, that between January 1968 and January 1972 the Government refused permission to employers to hire another 52 218 African workers in the industrial conurbations; and that the Minister of Labour proudly told white voters that by 1969 the Government had used other powers to reject applications to have new industrial zones proclaimed, and imposed restrictions upon the use of existing industrial sites which resulted in preventing another 220 000 African workers being employed. During virtually the same period (January 1968 to December 1971) only 29 500 jobs were created for African workers in border industries.³

From January 1968 to January 1976 the Government had prevented the employment of 92 000 African workers in the industrial centres by its Environmental Planning Act vetos. Between January 1968 and December 1975 the Government had created or assisted 82 183 jobs for African workers in border industries.⁴ It is not known how many more than 220 000 jobs for African workers had by this date been prevented by State proscription of municipal applications for re-zoning land for industry.

The Government's own incomplete statistics would give us, on paper, a ratio of 3,1 jobs vetoed for African workers in 1968 for every job created, and 9,2 jobs blocked for every one job created for African workers during the first five years of its "industrial decentralization". How close such a paper ratio approaches to the actual situation would depend on information the Government has not yet re-

leased:

- * what proportion of "new" jobs created in border industries are in fact new, and what proportion merely existing jobs relocated?⁵
- * how many employers whose applications for larger quotas of African workers were rejected subsequently re-applied and had such a quota granted by either hiring more Non-African workers in addition, or other legal manipulation?
- * how many employers, refused permission to hire more African workers, simply went ahead and hired them illegally?
- * whether employers would have hired every additional African worker they applied for, or were in some instances testing official reaction; and conversely how many employers, learning of others' refusals, did not apply at all for permission to hire more African workers⁶, but hired more Non-African workers, increased automation, or switched to other forms of investment or speculation?
- * what was the negative multiplier effect of the above on service and other jobs for African workers?
- * what proportion of new jobs created in "border areas" would have been created there anyway, in the absence of government aid or the Physical Planning Act vetos?

Further research is needed to quantify these factors. But whatever the precise ratio, it appears clear that the Government's "industrial decentralization" programme destroys far more new jobs than it creates.

b) Impact on Wages

Wages and other employment conditions are detrimentally affected as well. Every potential job vetoed in the industrial centres means one African worker less has his pass stamped to permit him or

her to be employed in those towns. Thus forced to seek employment locally in "border industries", African workers fall prey to the worse terms of employment the Government permits "border industries" to offer: fewer holidays, less paid sick leave, five more working hours per week, and lower wages. In 1970 one job in border industries was paid only 29% of the then current Johannesburg wage for the same job.⁷

In that year 61 658 "superfluous appendages" (African women and children, the aged and invalid) were endorsed out of the towns⁸ to burden their relatives in the reserves, so increasing the pressure on African work-seekers to submit to employment on any terms.

At the beginning of this decade, examples of wages offered in these "border areas" and "economic growth points" included catering jobs at the Government's Turfloop University for R7 per month; African women workers employed at a Potgietersrus factory for R6 per month, and a sisal processing plant near one Ciskei "resettlement township" which obtained enough African workers by offering a wage of R5 a month.⁹

In 1974 East London, a "border industry" area, had minimum wages gazetted on average one-third lower than wages for the same jobs in Port Elizabeth, though the cost-of-living is virtually the same in both towns. Unskilled workers in East London factories were paid in nearly every case below R20 per week, in some cases only R8 per week. African women workers suffered under the cumulative impact of race and sex discrimination, their wages being still lower than those of African men workers doing the same job.¹⁰

Clothing workers in Babelegi "border industry" factories started at R5 per week in 1975, while even qualified machinists with three years experience were paid merely R10-11 per week - nearly 50% lower than the current wages in Johannesburg.¹¹

An authoritative official source gave the *average*

wages of African unskilled workers in border industries in 1974 as:¹²

	BORDER INDUSTRY WAGES IN RAN DS:		AVERAGE ANNUAL LEAVE IN DAYS
	PER HOUR	PER WEEK PER MONTH	
Brits	9-00		21
East London	10/11-00		14
Kimberley	8-65		17
Kingwilliamstown	20/25c		21
Ladysmith	8-00		12
Newcastle		40/90-00	14
Phalaborwa		40-00	14
Pietersburg	7-00		10
Potgietersrus	6-50		14
Richard's Bay	17c		14
Rustenburg	8-00		15

Operatives, artisans and engineers naturally receive higher wages. These jobs are fewer than unskilled jobs in border industries factories, and a smaller proportion of the workers filling them are African, due to not only massive state discrimination in education expenditure between Black and White per pupil, but also to the fact that job reservation has not extended to a range of jobs in some "border industry" areas.¹³ Further as African workers are promoted into semi-skilled and white-collar jobs, prevailing managerial practice is to drastically reduce these jobs' wages to a fraction of their formal levels.

The managing director and public relations officer of the Bantu Investment Corporation are among the editors of a companion publication to the one cited above. This large, glossy-paged volume gives the average African weekly wages at "economic growth points" inside the "Bantu Homelands" as:¹⁴

"GROWTH POINT"	AVERAGE WEEKLY WAGE
Babele	R 7-00
Butterworth	7-00
Isithebe	7-00
Letaba	7-80

"GROWTH POINT"	AVERAGE WEEKLY WAGE
Montshiwa	R7-80
Seshego	7-80
Umtata	7-80
Witzieshoek	7-80

The Government's termination of all minimum wage legislation for African workers inside the reserves from 1970 onwards has not been without effect.¹⁵ The granting of constitutional independence to the Transkei has not so far substantially altered the average wages in Butterworth and Umtata.

Further, such depressed wage levels now have repercussions on wages paid to black workers in the industrial conurbations. In at least one round of collective bargaining, the employers argued that they could not afford wage rises for African, Coloured and Indian workers due to undercutting competition from sweated labour in "border industries".

PRELIMINARY CONCLUSIONS

The South African Government's variant of industrial decentralization is an integral component of its pass laws and apartheid policy. This industrial decentralization programme has:-

- i) seriously reduced the number of new jobs created for African workers; and
- ii) severely depressed wage levels in an increasing proportion of the new jobs it permits to be offered to African workers - jobs at "economic growth points" and "border area industries" already account for over 12% of manufacturing employment.¹⁷ African workers in these areas are denied the option of seeking jobs at higher wages in the major conurbations, unlike workers in other countries with industrial decentralization programmes.

The purpose of this policy may lie in reconciling conflicts of interest between pressure-groups supporting the governing National Party. It enables the Government to preserve a sliding colour bar in existing industrial conurbations for artisans

and other white blue-collar employees, thus preserving their electoral support for the Government. Simultaneously it compensates businessmen for job reservation by offering them new investment opportunities at "growth points" with less colour bar, still cheaper black labour, cheaper credit and tender preferences.

Available to all white businessmen, industrial decentralization is applied to as to benefit especially Afrikaner entrepreneurs. Controlling shareholdings are exceptionally interlocking in South African corporations; additionally East London, Kingwilliamstown, Hammarsdale and Richard's Bay are designated "growth points".

Nevertheless, two-thirds of job relocations are from Johannesburg (an opposition-controlled municipal council) to other Reef towns¹⁸, (almost all Nationalist controlled). Cape Town and Johannesburg businessmen (largely opposition party supporting) are hindered by maximum labour quotas under the Physical Planning Act. They, and Durban businessmen, are also subject to pass law restrictions on their employment plans. But industrial decentralization as applied does raise land values, and create investment opportunities and servicing sub-contracts in mostly Afrikaner country towns with Nationalist controlled municipalities. State corporations, employing managerial personnel overwhelmingly Afrikaner, are more in evidence in "border areas" and "growth points" than in the major conurbations.

Industrial decentralization, as applied, helps ensure that the Afrikaner segment of the entrepreneurial class remains organised in separate *sakekamers* and *handelsinstitute*, and continues its political support for the National Party instead of breaking away *en masse* to affiliate to the FCI and Chambers of Commerce and transfer its political allegiance to the Opposition parties.

So the Government's industrial decentralization programme is a manipulation of South Africa's economy to hold together politically conflicting interest groups within the ruling Afrikaner Nationalist al-

liance. Its benefits flow to the ruling class; its costs are suffered by black workers.

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